

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11
NSCE-00 SSO-00 USIE-00 INRE-00 AF-10 ARA-10 EA-10
EUR-12 NEA-10 OIC-02 /148 W
-----120740 151611Z /45

O 151552Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC NIACT IMMEDIATE 7223

C O N F I D E N T I A L GENEVA 04010

PASS ELECTRONICALLY AGRICULTURE FOR HATHAWAY AND STR FOR
STARKEY

E.O. 11652: GDS

TAGS: ETRD EAGR OCON

SUBJECT: WHEAT CONFERENCE: CANADIAN PLAN TO TABLE NEW
DRAFT

REF.: (A) GENEVA 3997; (B) GENEVA 3937; (C) GENEVA 3941

1. PAPER IS NOW TO BE PUT FORWARD BY CANADA PROVIDING
THERE IS GENERAL SUPPORT FROM OTHER EXPORTERS. THE TITLE
OF THE PAPER, WHEN APPEARING IN CONFERENCE DOCUMENT FORM,
WOULD PROBABLY BE "PAPER SUBMITTED BY CANADA WITH SUPPORT
OF THREE OTHER MAJOR EXPORTERS." TEXT REPORTED REF. A.

2. PLAN WOULD BE FOR EACH EXPORTER TO EXPRESS GENERAL
SUPPORT FOR SCOPE, INTENT, AND GENERAL PROVISIONS, WHILE
AT SAME TIME MAKING KNOWN TO THE CONFERENCE ANY RESERVA-
TIONS WITH RESPECT TO SPECIFIC PARAGRAPHS. EXPORTERS,
WHO HAVE MET DAILY OVER THE PAST WEEK, ARE CONVINCED THAT
PAPER OF THIS TYPE IS NEEDED MAINLY TO DEMONSTRATE BOTH
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THEIR DETERMINATION TO HOLD TO THE TYPE OF ARRANGEMENT
WHICH THEY HAVE BEEN ARGUING FOR AND AT SAME TIME THEIR
WILLINGNESS TO NEGOTIATE AND MODIFY POSITIONS ON SOME
POINTS. OTHER MAIN REASON IS THAT IF ANOTHER CONFERENCE
IS CONVENED AT SOME LATER POINT, THIS PAPER MIGHT PROVIDE
A BETTER STARTING POINT.

3. THE MAIN POINTS ON WHICH WE WOULD PLAN TO EXPRESS RESERVATION WHEN THIS IS PUT FORWARD ARE (A) THE GENERALIZATION OF CONSUMPTION ADJUSTMENT COMMITMENTS AS COMPARED WITH THOSE PROPOSED IN U.S. PAPER OF SEPT 77, AND (B) THE BROADENING OF CRITERIA FOR SHARES. ALSO, SINCE THIS PAPER DEALS WITH THE PROBLEM OF RIGID FLOOR AND CEILING BY DROPPING THE TWO OUTER SAFEGUARD POINTS FROM THE SPECIFIC PRICE INDICATOR LISTING, WE WILL ALSO NEED TO REGISTER THE VIEW THAT THE NEW FORMULATION GIVES MORE CLEAR AND OPEN RECOGNITION THAT MARKET PRICES WILL BE EXPECTED TO GO BEYOND THE ACTION POINTS MORE FREQUENTLY, AND THAT CONTAINMENT OF SUCH ADDITIONAL OUTWARD MOVEMENT OF PRICE WHICH HAD NOT BEEN ARRESTED BY THE AUTOMATIC RESERVE ACTION WOULD THEN BE DEPENDENT ENTIRELY UPON MAJOR TRADING COUNTRIES' WILLINGNESS TO AGREE IN CONSULTATIVE FRAMEWORK TO EQUITABLE SOLUTION IN TERMS OF COOPERATIVE ADJUSTMENTS.

4. WE THINK U.S. SUPPORT OF THIS STEP MAY BE ESSENTIAL FOR SALVAGING REASONABLE WORKING RELATIONSHIP WITH OTHER EXPORTERS AND IS ALSO IMPORTANT FOR MAINTAINING INITIATIVE FOR U.S. APPROACH. CANADA HAS CLEARLY INDICATED THEY WILL NOT PUT FORWARD THE PAPER UNLESS THEY HAVE OUR SUPPORT. CANADA AND OTHER EXPORTERS EXPRESSED SHARP CONCERN TO US LAST NIGHT THAT DECISION MIGHT YET BE MADE ON U.S. SIDE THAT A WHEAT AGREEMENT IS "NEEDED" FOR AN MTN SETTLEMENT IN AGRICULTURE, AND THAT CONFIDENTIAL

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AT SUCH STAGE ALL BARGAINING LEVERAGE WOULD DISAPPEAR AND FINAL OUTCOME WOULD ALMOST CERTAINLY BE AN AGREEMENT WHICH DOES NOT WORK, NONE OF US WANTS, AND WHICH U.S. WILL HAVE TO PAY FOR, PERHAPS HEAVILY, IN MEETING LDC DEMANDS, IMPORTERS' (E.G., JAPAN) EXPECTATIONS OF PAYMENT FOR STOCKS UNDERTAKINGS, AND EVEN IN CONCEDED TO OTHER EXPORTERS' DEMANDS WHICH COULD YET ARISE FOR PRICE AND TRADING ADVANTAGES.

5. REQUEST INSTRUCTIONS REGARDING PARAMETERS OF U.S. PARTICIPATION IN THIS INITIATIVE AS SOON AS POSSIBLE. CANADA FEELS THAT IF ACTION IS TO BE TAKEN THE PAPER MUST BE HANDED OVER TO THE UNCTAD SECRETARIAT FOR PRESENTATION BY 10 AM THURSDAY (GENEVA TIME). VANDEN HEUVEL

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NNN

Message Attributes

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